

**STATE OF WASHINGTON
DEPARTMENT OF FINANCIAL INSTITUTIONS
SECURITIES DIVISION**

IN THE MATTER OF DETERMINING
Whether there has been a violation
of the Securities Act of Washington by:

HIGHLAND MINING, INC.; MIDAS MINING,
LLC; RUSSELL BYERS; ROBERT ENGLEMAN;
their agents and employees,

Respondents.

SDO - 2 - 01

ENTRY OF FINDINGS OF FACT AND
CONCLUSIONS OF LAW AND FINAL ORDER
TO CEASE AND DESIST

Case No. 00-06-0242

THE STATE OF WASHINGTON TO: Highland Mining, Inc.
Midas Mining, LLC
Russell Byers
Robert Engleman

On November 7, 2000, the Securities Administrator of the State of Washington issued Summary Order to Cease and Desist SDO-105-00 hereinafter referred to as "Summary Order."

The Summary Order, together with a Notice of Opportunity to Defend and Opportunity for Hearing (hereinafter referred to as "Notice of Opportunity for Hearing") and an Application for Adjudicative Hearing (hereinafter referred to as "Application for Hearing") thereon, were personally served on Respondents Highland Mining, Inc., Midas Mining, LLC, Russell Byers, and Robert Engleman on December 3, 2000. The Notice of Opportunity for Hearing advised Respondents that they had twenty days from the date they received the notice to file a written application for an administrative hearing on the Summary Order.

Respondents failed to request an administrative hearing within twenty days of its receipt of the Summary Order and Notice of Opportunity for Hearing, either on the Application for Hearing provided or otherwise.

The Securities Administrator therefore adopts as final the findings of fact and conclusions of law as set forth in the Summary Order.

ENTRY OF FINDINGS OF FACT AND CONCLUSIONS OF LAW
AND FINAL ORDER TO CEASE AND DESIST

1

**DEPARTMENT OF FINANCIAL INSTITUTIONS
Securities Division
PO Box 9033
Olympia, WA 98507-9033
360-902-8760**

1 The Securities Administrator makes the following findings of fact and conclusions of law:

2 **FINDINGS OF FACT**

3 **I. Respondents**

4 1. **HIGHLAND MINING, INC.** ("Highland Mining") is a Utah corporation with a business address
5 of 283 4th Street, Wells, Nevada. Highland Mining was purportedly formed for the purposes of developing a
6 mining operation in the Wells, Nevada area. Respondents Russell Byers and Robert Engleman also conducted
7 business under the name "Highlander Mining, Inc."

8 2. **MIDAS MINING, LLC** ("Midas Mining") is a Washington business with an address of 3321
9 Mount Pleasant Rd., Kelso, Washington. Although Respondents Russell Byers and Robert Engleman conduct
10 business using the name Midas Mining, LLC, they have not formally registered their business in any state as a
11 limited liability company. Midas Mining was purportedly formed for the purposes of developing a mining
12 operation in the Riggins, Idaho area.

13 3. **RUSSELL BYERS** ("Byers") was the President of Highland Mining, Inc. at all times relevant to
14 the matters set forth herein. Byers also acted as agent for Midas Mining at all times relevant to the matters set
15 forth herein.

16 4. **ROBERT ENGLEMAN** ("Engleman") was the Vice-President of Highland Mining, Inc. at all
17 times relevant to the matters set forth herein. Engleman also acted as an agent for Midas Mining at all times
18 relevant to the matters set forth herein.

19 **II. Nature of the Offering**

20 5. Beginning in approximately November of 1998, Respondents, acting in concert and on behalf of one
21 another, solicited at least 33 Washington residents to invest in Midas Mining and/or Highland Mining.

22 6. Respondents made oral representations to these persons that Highland Mining and/or Midas Mining
23 intended on using investor funds to finance mining projects in Wells, Nevada and in Riggins, Idaho. Respondents

1 told these persons that they were investing in Highland Mining and/or Midas Mining for the purpose of financing
2 ongoing mining ventures.

3 7. Respondents sold these investment opportunities to at least 33 Washington residents.

4 8. Several of these investors signed written investment contracts with the Respondents. In several of
5 these contracts, the Respondents promised to pay specific rates of return to persons in consideration for their
6 investment. For example, one person invested \$10,000 and was promised a \$40,000 return in twelve months. In
7 several other contracts, Respondents promised persons corporate shares in exchange for their investment. For
8 example, one person invested \$10,000 and was promised two shares in "Highlander Mining Inc."

9 9. Through at least September of 2000, Respondents, acting in concert and on behalf of one another,
10 continued to offer the investment opportunity described above to Washington residents. To date, Respondents
11 have obtained over \$200,000 from Washington investors.

12 **III. Misrepresentations and Omissions**

13 10. Respondents failed to provide the offerees with a disclosure document containing complete material
14 information about the investment opportunities described above, including but not limited to financial statements of
15 Highland Mining and/or Midas Mining.

16 11. Respondents also did not disclose the following material information to offerees: their business
17 experience and track record; the use of offering proceeds; and the risk factors associated with the investment
18 opportunities.

19 **IV. Registration Status**

20 12. Highland Mining and Midas Mining are not currently registered to offer or sell its securities in the
21 state of Washington and have not previously been so registered.

22 13. Russell Byers and Robert Engleman are not currently registered as securities salespersons or
23 broker-dealers in the state of Washington and have not previously been so registered.

24 Based upon the above Findings of Fact, the following Conclusions of Law are made:

CONCLUSIONS OF LAW

I. Securities

14. The offer and/or sale of the investment described above constitutes the offer and/or sale of a security as defined in RCW 21.20.005(10) and (12), to wit: a note; evidence of indebtedness; a certificate of interest; stock; an investment contract; or risk capital.

II. Anti-Fraud Provision

15. The offer of said securities was made in violation of RCW 21.20.010 because, as set forth in paragraphs 10 and 11 of the Tentative Findings of Fact, Respondents omitted to state material facts necessary in order to make the statements made, in light of the circumstances under which they were made, not misleading.

III. Registration of Securities

16. The offer of said securities is in violation of RCW 21.20.140 because no registration for such offer and/or sale is on file with the Securities Administrator of the state of Washington.

IV. Registration of Broker-Dealer and Salespersons

17. Respondents Russell Byers and Robert Engleman has violated RCW 21.20.040 by offering said securities while not being registered as a broker-dealer or securities salesperson in the state of Washington.

ORDER

Based upon the above Findings of Fact and Conclusions of Law, it is hereby:

ORDERED that Respondents Highland Mining, Inc., Midas Mining, LLC, Russell Byers, Robert Engleman, and their agents and employees, each cease and desist from violating RCW 21.20.010, the anti-fraud section of the Securities Act.

It is further ORDERED that Respondents Highland Mining, Inc., Midas Mining, LLC, Russell Byers, Robert Engleman, and their agents and employees, each cease and desist from offering and/or selling securities in any manner in violation of RCW 21.20.140, the securities registration section of the Securities Act.

1 It is further ORDERED that Respondents Russell Byers and Robert Engleman each cease and desist from
2 violating RCW 21.20.040, the broker-dealer and securities salesperson registration section of the Securities Act.

3 This Order is entered pursuant to the provisions of RCW 21.20.390, and is subject to the provisions of
4 Chapter 34.05 RCW.

5 **WILLFUL VIOLATION OF THIS ORDER IS A CRIMINAL OFFENSE.**

6 DATED this 4th day of January 2001.

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9 DEBORAH R. BORTNER
Securities Administrator

10
11 Approved by:

Presented by:

12
13 Michael E. Stevenson
14 Chief of Compliance

15 Chad Standifer
16 Staff Attorney